

## KDE Summary of FCC E-rate Modernization Orders

Order No. 14-99, adopted July 11, 2014 and Order No. 14-189A1, adopted December 11, 2014

### 1. Goal 1: Ensuring affordable access to high-speed broadband sufficient to support digital learning in schools and robust connectivity for all libraries.

- Speed goals: Short-term: 100 Kbps/Student ; Mid-term: 1 Mbps/Student; Long-term: 10 Mbps/Student
- Re-designates “Priority” 1 & 2 as “Category” 1 & 2 services, respectively
- Lowers maximum discount for Category 2 to 85%. All others remain same
- Sets annual funding target of \$1B for funding Internal Connections (Category 2 services)
- Adds additional \$1.5B to the funding cap. Cap for 2015: \$3.9B. Future years remain indexed to inflation
- Eligible Category 2 services are limited to: routers, switches, wireless access points, internal cabling, wireless controller systems, firewall services, uninterruptable power supply, managed Wi-Fi, caching, and maintenance.
- Category 2 funds will be allocated through a *per-school* pre-discount budget of \$150/student to be spent over 5 years
- Previously eligible services eliminated from eligibility, including: servers, telephone switches, VoIP components, paging, email, web hosting, voice mail, directory assistance, text messaging, direct inward dialing, 900/976 call blocking, inside wire maintenance plans –
- Support for telephony services will be “phased down” by 20% over a 5 year period, including: local and long distance phone service (POTS), 800 service, satellite telephone, Centrex, wireless (cellular) telephone service, voice over IP service, dedicated voice circuits
- Expand payment options for special construction
  - Allows applicants to invoice for special construction in excess of \$500,000 in a single funding year (suspends for four years a previous rule requiring 4-year amortization)
  - Allows applicants to pay the non-discounted portion of special construction projects over multiple years (interest or fees incurred are sole responsibility of the applicant)
- Equalizes treatment of Dark and Lit *leased* fiber (begins 2016)
  - Modulating equipment for leased dark fiber eligible under Category 1
  - Leased dark fiber special construction charges eligible for Category 1 support if fiber is lit within same funding year
  - Allows Category 1 special construction charges to be incurred prior to the commencement of the funding year under certain circumstances (as early as Jan 1.)
  - Requires applicants to consider both dark and lit fiber options during competitive bidding when seeking fiber-based solutions including circuits and/or modulating equipment
- Permits self-construction of fiber networks under limited circumstances when it is the most cost-effective solution (begins 2016)
  - Provides additional to applicants for last-mile construction costs
    - FCC will match state dollars, dollar-for-dollar up to 10% of the total cost of construction, which are utilized to support special construction costs
    - Example: Applicant’s discount = 70%. State provides funds for 10% of the cost of construction. FCC “matches” the State’s 10% contribution. Applicant effectively pays 10% (for the eligible components of the cost of construction)

- Buildings with connections constructed with “matching” funds are not eligible for additional special construction charges for a period of 15 years

## 2. Maximizing the cost-effectiveness of spending for E-rate supported purchases.

- Makes pricing (opens up Item 21 data to public view)
- Speeds the review of consortium applications
- Allows for the designation of certain national contracts as “preferred master contracts” for Category 2 equipment
- Allows consortium leads to bid and purchase on behalf of consortium members even if the signatory on forms 470 and 471 are not the local “authorized” personnel
- Letters of Agreement between Consortium lead and member applicants may be multi-year

## 3. Goal 3: Making the E-rate application process fast, simple, and efficient

- Multi-year contracts (up to five years) will be reviewed in depth only in the first year with subsequent year applications reviewed using streamlined and expedited procedures
- Technology plans will not be required to be eligible for support
- Electronic filing of all forms will be required by FY2017
- Rural schools and libraries may establish direct connections for shared bandwidth between them for the purpose of providing connectivity to students and patrons
- District discount will be calculated and will apply to all schools within that district and weighted averages will no longer be used for calculating the district discount rate
- The definition of “rural” and “urban” will now be based on U.S. Census data
- Community Eligibility Provision schools will calculate their discount percentage using their direct certification percentage multiplied by the USDA’s NSLP “multiplier” (currently 1.6)
- Schools choosing to conduct surveys for NSLP eligibility calculations may no longer extrapolate results
- Beginning FY2016 BEAR Reimbursements will be made directly to applicants.
- Beginning immediately, invoicing deadlines will be extended once for a period of 120 days –
  - Extension requests must be made **prior to the original deadline**
  - Only under “extraordinary circumstances” will the FCC (not USAC) grant any additional time to invoice
- All appeals must first be submitted to USAC prior to submission to FCC
  - All appeals, regardless of the administrative body to adjudicate the appeal, must be submitted within 60 days of the date of the decision which precipitates the appeal
- The document retention requirement has been extended from five to ten years